

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY



W-01395A
Queen Creek Water Company
P. O. Box 366
Queen Creek AZ 85242

RECEIVED

OCT 17 2005

AZ Corporation Commission
Director of Utilities

ANNUAL REPORT

FOR YEAR ENDING

12	31	2004
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FOR COMMISSION USE

ANN04	04
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COMPANY INFORMATION

Company Name (Business Name) <u>Queen Creek Water Company</u>			
Mailing Address <u>P.O. Box 366</u>			
<u>Queen Creek</u> (City)		<u>AZ</u> (State)	<u>85242</u> (Zip)
<u>480-987-3240</u>		<u>480-987-9326</u>	
Telephone No. (Include Area Code)		Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)
Email Address <u>ptgardner@qcwater.com</u>			
Local Office Mailing Address <u>22036 S. Ellsworth Road</u>			
<u>Queen Creek</u> (City)		<u>AZ</u> (State)	<u>85242</u> (Zip)
<u>same as above</u>			
Local Office Telephone No. (Include Area Code)		Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)
Email Address _____			

MANAGEMENT INFORMATION

Management Contact: <u>Paul T. Gardner</u>			
		<u>President</u>	
<u>same as above</u> (Street)		<u></u> (City)	<u></u> (State)
		<u></u> (Zip)	
Telephone No. (Include Area Code)		Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)
Email Address _____			
On Site Manager: <u>Paul T. Gardner</u>			
<u>same as above</u> (Street)		<u></u> (City)	<u></u> (State)
		<u></u> (Zip)	
Telephone No. (Include Area Code)		Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)
Email Address _____			

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: <u>Jorden & Bischoff, PLC</u>			
(Name)			
<u>7272 E. Indian School #205</u>	<u>Scottsdale</u>	<u>AZ</u>	<u>85251</u>
(Street)	(City)	(State)	(Zip)
<u>480 505-3900</u>	<u>480 505-3901</u>		
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Attorney: <u>Charles A. Bischoff</u>			
(Name)			
<u>same as above</u>			
(Street)	(City)	(State)	(Zip)
<u></u>	<u></u>	<u></u>	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

- | | |
|---|--|
| <input type="checkbox"/> Sole Proprietor (S) | <input checked="" type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P) | <input type="checkbox"/> Subchapter S Corporation (Z) |
| <input type="checkbox"/> Bankruptcy (B) | <input type="checkbox"/> Association/Co-op (A) |
| <input type="checkbox"/> Receivership (R) | <input type="checkbox"/> Limited Liability Company |
| <input type="checkbox"/> Other (Describe) _____ | |

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- | | | |
|-------------------------------------|--|---|
| <input type="checkbox"/> APACHE | <input type="checkbox"/> COCHISE | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA | <input type="checkbox"/> GRAHAM | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ | <input checked="" type="checkbox"/> MARICOPA | <input type="checkbox"/> MOHAVE |
| <input type="checkbox"/> NAVAJO | <input type="checkbox"/> PIMA | <input checked="" type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA |
| <input type="checkbox"/> STATEWIDE | | |

COMPANY NAME

QUEEN CREEK WATER COMPANY

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	-	-	-
302	Franchises	-	-	-
303	Land and Land Rights	10,490.	-	10,490.
304	Structures and Improvements	295,422.	13,641.	281,781.
307	Wells and Springs	1,202,033.	154,508.	1,047,525.
311	Pumping Equipment	321,585.	195,761.	125,824.
320	Water Treatment Equipment	23,686.	10,693.	12,993.
330	Distribution Reservoirs and Standpipes	1,298,871.	180,709.	1,118,162.
331	Transmission and Distribution Mains	12,828,886.	1,629,857.	11,199,029.
333	Services	556,120.	101,250.	454,870.
334	Meters and Meter Installations	1,567,889.	(1,047.)	1,568,936.
335	Hydrants	1,460,580.	196,108.	1,264,472.
336	Backflow Prevention Devices	-	-	-
339	Other Plant and Misc. Equipment	11,193.	10,436.	757.
340	Office Furniture and Equipment	181,651.	22,674	158,977.
341	Transportation Equipment	4,873.	(25,777.)	30,650.
343	Tools, Shop and Garage Equipment	151,662.	22,638.	129,024.
344	Laboratory Equipment	-	-	-
345	Power Operated Equipment	7,822.	106.	7,716.
346	Communication Equipment	-	-	-
347	Miscellaneous Equipment	28,350.	9,718.	18,632.
348	Other Tangible Plant	-	69,191.	(69,191.)
	TOTALS	19,951,114.	2,590,466.	17,360,647.

This amount goes on the Balance Sheet Acct. No. 108



CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	-	-	-
302	Franchises	-	-	-
303	Land and Land Rights	10,490.	-	-
304	Structures and Improvements	295,422.	3%	8,863.
307	Wells and Springs	1,202,033.	3	36,061.
311	Pumping Equipment	321,585.	3	9,647.
320	Water Treatment Equipment	23,686.	3	710.
330	Distribution Reservoirs and Standpipes	1,298,871.	3	38,966.
331	Transmission and Distribution Mains	12,828,886.	3	384,867.
333	Services	556,120.	3	16,684.
334	Meters and Meter Installations	1,567,889.	3	47,037.
335	Hydrants	1,460,580.	3	43,817.
336	Backflow Prevention Devices	-	-	-
339	Other Plant and Misc. Equipment	11,193.	3	336.
340	Office Furniture and Equipment	181,651.	3	5,450.
341	Transportation Equipment	4,873.	3	146.
343	Tools, Shop and Garage Equipment	151,662.	3	4,550.
344	Laboratory Equipment	-	-	-
345	Power Operated Equipment	7,822	3	235.
346	Communication Equipment	-	-	-
347	Miscellaneous Equipment	28,350.	3	850.
348	Other Tangible Plant	-	-	-
	TOTALS	19,951,114.		598,219.

This amount goes on the Comparative Statement of Income and Expense _____
Acct. No. 403.

BALANCE SHEET

Acct .No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 353,685.	\$ 10,778.
134	Working Funds		147,903.
135	Temporary Cash Investments		195,947.
141	Customer Accounts Receivable	189,255.	376,823.
146	Notes/Receivables from Associated Companies		-
151	Plant Material and Supplies		44,832.
162	Prepayments	36,151.	45,800.
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 579,091.	\$ 822,083.
	FIXED ASSETS		
101	Utility Plant in Service	\$ 10,800,253.	\$ 19,951,114.
103	Property Held for Future Use		
105	Construction Work in Progress	634,144.	728,526.
108	Accumulated Depreciation – Utility Plant	(1,986,238.)	(2,590,466.)
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$ 9,448,159.	\$ 18,089,174.
	TOTAL ASSETS	\$10,027,250.	\$18,911,257.

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITIES		
231	Accounts Payable	\$ 436,733.	\$ 315,939.
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies	40,282.	
235	Customer Deposits	122,473.	179,010.
236	Accrued Taxes	9,513.	63,238.
237	Accrued Interest		-
241	Miscellaneous Current and Accrued Liabilities	78,965.	105,719.
	TOTAL CURRENT LIABILITIES	\$ 687,966.	\$ 663,906.
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$ 293,954.	\$ 348,417.
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction	5,547,328.	12,893,228.
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	3,162,639.	4,944,152.
272	Less: Amortization of Contributions	(303,132.)	(303,905.)
281	Accumulated Deferred Income Tax	35,177.	(75,123.)
	TOTAL DEFERRED CREDITS	\$ 8,442,012.	\$ 17,458,352.
	TOTAL LIABILITIES	\$ 9,622,932.	\$ 18,470,675.
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 3,000.	\$ 3,000.
211	Paid in Capital in Excess of Par Value	408,000.	408,000.
215	Retained Earnings	305,043.	142,307.
218	Proprietary Capital (Sole Props and Partnerships) TREASURY STK	(112,725.)	(112,725.)
	TOTAL CAPITAL	\$ 603,318.	\$ 440,582.
	TOTAL LIABILITIES AND CAPITAL	\$ 10,027,250.	\$ 18,911,257.

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 2,208,951.	\$ 3,127,137
460	Unmetered Water Revenue	152,098.	264,845.
474	Other Water Revenues	130,515.	148,676.
	TOTAL REVENUES	\$ 2,491,564.	\$ 3,540,658.
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 775,227.	\$ 1,050,540.
610	Purchased Water	100,465.	153,188.
615	Purchased Power	273,255.	374,772.
618	Chemicals	-	103,385.
620	Repairs and Maintenance	126,540.	315,603.
621	Office Supplies and Expense	138,273.	181,619.
630	Outside Services	43,115.	4,165.
635	Water Testing	15,304.	15,335.
641	Rents	77,869.	101,566.
650	Transportation Expenses	174,728.	233,322.
657	Insurance – General Liability	39,968.	35,280.
659	Insurance - Health and Life	78,500.	106,267.
666	Regulatory Commission Expense – Rate Case	-	-
675	Miscellaneous Expense	128,450.	179,466.
403	Depreciation Expense	323,693.	598,219.
408	Taxes Other Than Income	54,838.	88,380.
408.11	Property Taxes	74,109.	97,238.
409	Income Tax	23,999.	(29,368.)
	TOTAL OPERATING EXPENSES	\$2,448,333.	\$ 3,608,977.
	OPERATING INCOME/(LOSS)	\$ 43,231.	\$ (68,320.)
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$ 1,346.	\$ 2,463.
421	Non-Utility Income	200.	32,411.
426	Miscellaneous Non-Utility Expenses	91,626.	-
427	Interest Expense	(28,065.)	(27,924.)
	TOTAL OTHER INCOME/(EXPENSE)	\$ 65,107.	\$
	NET INCOME/(LOSS)	\$ 108,338.	\$ (61,369.)

COMPANY NAME QUEEN CREEK WATER COMPANY

SUPPLEMENTAL FINANCIAL DATA

Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	2-10-98	12-29-04		
Source of Loan	WIFA	CLG HOLDINGS		
ACC Decision No.	60737	-		
Reason for Loan	CAPITOL IMPROVEMENTS	OFFICE BUILDING		
Dollar Amount Issued	\$ 400,000.	\$ 70,000.	\$	\$
Amount Outstanding	\$ 313,941.	\$ 70,000.	\$	\$
Date of Maturity	9-30-2017	12-29-2005		
Interest Rate	6.125 %	5 %	%	%
Current Year Interest	\$ 20,158.	\$ 0	\$	\$
Current Year Principle	\$ 15,537.	\$ 0	\$	\$

Meter Deposit Balance at Test Year End

\$ 958,360.

Meter Deposits Refunded During the Test Year

\$ 76,166.

COMPANY NAME QUEEN CREEK WATER COMPANY

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-609476	75	400	900	18	6	1960
55-628275	300	1300	1000	24	10	1950
55-612288	200	950	1950	24	8	1970
55-613585	250	1000	1000	24	8	1960
55-628274	250	900	1000	24	8	1950
55-606643	250	1000	1000	24	8	1960
55-626051	200	1200	1000	18	8	1970

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
CAP (FOR IRRIGATION ONLY)	N/A	469,225

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
15	6	900	
20	2		
30	7		
50	2		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
40K	1		
100K	2	5000	4
270K	1		
400K	1		
700K	1		
1,000,000	1		

COMPANY NAME QUEEN CREEK WATER COMPANY

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	PVC	943
3	PVC	-
4	PVC	1030
5	PVC	-
6	PVC	363,841
8	PVC	410,300
10	PVC	5,186
12	PVC	140,562
16	PVC	10,218
8	ACP	5,717
8	PVC IRR	33,145
10	PVC IRR	1,900
12	PVC IRR	71,011
15	PVC IRR	1,720
18	PVC IRR	1,310

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	12
3/4	3692
1	2376
1 1/2	67
2	110
Comp. 3	8
Turbo 3	-
Comp. 4	5
Tubo 4	-
Comp. 6	4
Tubo 6	-
FIRE HYDRANT 3"	54

For the following three items, list the utility owned assets in each category.

TREATMENT EQUIPMENT:

3-PPG TABLET CHLORINATORS

2-GRUNDFOS CHLORINATOR PUMPS

1-ARDEN CHLORINATORS

2-GAS CHLORINATORS

STRUCTURES:

OFFICE BUILDING, 3 BLOCK WALLS, 4 CHAIN LINK FENCES

OTHER:

(5) EQUIPMENT / PIPE TRAILERS

1993 METRE READER GOLF CART

580 BACKHOE

COMPRESSOR

COMPANY NAME: QUEEN CREEK WATER COMPANY

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2004

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (THOUSANDS)	GALLON PUMPED (Thousands)
JANUARY	4749	80,014	83,492
FEBRUARY	4993	56,716	72,321
MARCH	5248	77,306	95,284
APRIL	5360	107,320	115,279
MAY	5394	148,825	169,551
JUNE	5554	195,860	208,675
JULY	5711	167,019	177,569
AUGUST	5824	197,291	217,449
SEPTEMBER	5907	150,585	150,551
OCTOBER	6074	123,489	137,256
NOVEMBER	6117	103,145	116,429
DECEMBER	6303	89,565	86,361
TOTAL			1,630,217

1,497,135

Is the Water Utility located in an ADWR Active Management Area (AMA)?

(x) Yes

() No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

(x) Yes

() No

If yes, provide the GPCPD amount: 194PCD

What is the level of arsenic for each well on your system. 2-6.2PPB mg/l
(If more than one well, please list each separately.)

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME QUEEN CREEK WATER COMPANY

YEAR ENDING 12/31/2004

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2004 was: \$ 97,238

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

COMPANY NAME QUEEN CREEK WATER CO YEAR ENDING 12/31/2004

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported	<u>149,372</u>
Estimated or Actual Federal Tax Liability	<u>41,505</u>

State Taxable Income Reported	<u>173,938</u>
Estimated or Actual State Tax Liability	<u>12,120</u>

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances	<u>-</u>
Amount of Gross-Up Tax Collected	<u>-</u>
Total Grossed-Up Contributions/Advances	<u>-</u>

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

Paul T. Gaucher
SIGNATURE

Sept 15 2005
DATE

Paul T. Gaucher
PRINTED NAME

PRESIDENT
TITLE

RECEIVED

VERIFICATION AND SWORN STATEMENT Intrastate Revenues Only

MAY 02 2005

AZ Corporation Commission
Director Of Utilities

VERIFICATION

STATE OF _____

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)
Maricopa
NAME (OWNER OR OFFICIAL) TITLE
Paul T. Gardner
COMPANY NAME
Queen Creek Water Company

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2004

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2004 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$3,872,140.

(THE AMOUNT IN BOX ABOVE
INCLUDES \$296,660.
IN SALES TAXES BILLED, OR COLLECTED)

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

Paul T. Gardner
SIGNATURE OF OWNER OR OFFICIAL
480 987-3240
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

- 29 -

DAY OF

COUNTY NAME	Maricopa
MONTH	April 2005

Tricia M. Smith
SIGNATURE OF NOTARY PUBLIC

MY COMMISSION



RECEIVED

VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY

MAY 02 2005

AZ Corporation Commission
Director Of Utilities

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) Maricopa	
NAME (OWNER OR OFFICIAL) Paul T. Gardner	TITLE President
COMPANY NAME Queen Creek Water Company	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2004

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2004 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$3,389,357.

(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 259,757.
IN SALES TAXES BILLED, OR COLLECTED)

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.

Paul T. Gardner
SIGNATURE OF OWNER OR OFFICIAL
480 987-3240
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

29

DAY OF

NOTARY PUBLIC NAME TRICIA M. Smith	
COUNTY NAME Maricopa	
MONTH April	YEAR 2005

(SEAL)

MY COMMISSION EXPIRES



X Tricia M. Smith
SIGNATURE OF NOTARY PUBLIC

8:02 AM
10/05/05
Accrual Basis

QUEEN CREEK WATER COMPANY
Balance Sheet
As of December 31, 2004

	Dec 31, 04
ASSETS	
Current Assets	
Checking/Savings	
CHECKING-Bank of America	132,755.05
CHECKING-Union Bank	15,147.86
PETTY CASH	10,778.00
QCWC-VANGUARD SAVINGS (5862)	4,585.21
VANGUARD-FIRE FLOW FEES (3874)	3,785.54
VANGUARD-HOOK-UP FEES (5667)	188,336.45
XMAS FUND 2004	-760.00
Total Checking/Savings	354,628.11
Accounts Receivable	
ACCOUNTS RECEIVABLE	
A/R - BOE HOOLEY	200.00
A/R - BETTY WALKER	605.81
A/R - C. SPEELMAN-HARRIS	1,761.71
A/R - F. KRAUSE(CHILD SUPPORT)	91.43
A/R - GILBERT LOPEZ (CHILD SUP)	-125.83
A/R - GILBERT LOPEZ (LOAN)	625.00
A/R - GUADALUPE GONZALEZ	-50.00
A/R - PAUL T. GARDNER	10,071.86
A/R - PETE ROMO	100.00
A/R - RAMONA SIMPSON	14,814.00
A/R - RUSS MURRAY/LOANS	12.84
A/R - UTILITY	
Pay Plan	1,875.02
A/R - UTILITY - Other	323,937.64
Total A/R - UTILITY	325,812.66
ACCOUNTS RECEIVABLE - Other	22,902.95
Total ACCOUNTS RECEIVABLE	376,822.43
Total Accounts Receivable	376,822.43
Other Current Assets	
INVENTORY - STOCK	44,831.97
PRE-PAID INSURANCE	22,079.48
PREPAID EXPENSES	
Pre -Paid Irrigation Expense	1,415.97
PREPAID EXPENSES - Other	22,304.86
Total PREPAID EXPENSES	23,720.83
Total Other Current Assets	90,632.28
Total Current Assets	822,082.82
Other Assets	
MXU's	359,698.23
Construction Project CWIP's	
CWIP - Village Well	46,532.78
135-CWIP Schnepf/Ritt(Sm Aband)	3,472.31
123-04-CWIP-Schnepf Combs Well	1,645.71
179-04-CWIP-12" Ext QC Wsh/Soss	27,661.02
Total Construction Project CWIP's	79,311.82
CWIP'S- Mainline Extention	
CWIP-Orchard Ranch III-A&B	-16,492.95
101-CWIP-Cortina Well Install	539,248.46
126-CWIP-Victoria Tanks/Well	102,119.35
151-Pegasus, Phase II-Dom & Irr	-16,912.78
155-CWIP - AMERICAN STYLE LLC	15,720.87

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Accrual Basis

QUEEN CREEK WATER COMPANY

Balance Sheet

As of December 31, 2004

	Dec 31, 04
CWIP - Cortina	
CWIP - Cortina 7 & 11	11,289.60
CWIP - Cortina 8,9,10	18,148.90
Total CWIP - Cortina	29,438.50
CWIP - The Pecans	-906.70
CWIP - SonoquiCreekRanch, I	-3,000.00
Total CWIP'S- Mainline Extention	649,214.75
HYDRANTS	1,460,579.59
INTANGIBLE PLANT	11,192.86
IRRIGATION MAINS	
CIRCLE G II	75,220.42
CIRCLE G II-A	23,831.35
GROVES OF Q.C.	22,221.46
ORCHARD Ranch, II	56,380.15
Q.C.RANCHETTES III, PHASE I	61,676.43
Q.C.RANCHETTES, II, II	49,606.73
IRRIGATION MAINS - Other	541,911.83
Total IRRIGATION MAINS	830,848.37
LAND	10,489.50
LESS-ACCUMULATED DEPRECIATION	-2,590,465.89
MAINS	
MAINS (ELLSWORTH CROSSING)	6,626.28
MAINS (AZ.BOYS RANCH)	27,378.32
MAINS (A&P CONNECTION)	2,209.37
MAINS - Other	11,961,823.82
Total MAINS	11,998,037.79
METERS	1,208,190.52
OFFICE EQUIPMENT & FURNITURE	181,650.99
POWER OPERATED EQUIPMENT	7,822.04
PUMPS	
Power Rd Well Pump	2,237.18
Schnepf Well Pump	1,046.75
TerraRanch Pump	10,008.24
Villages Well Pump	8,410.93
PUMPS - Other	299,881.72
Total PUMPS	321,584.82
SERVICE LINES	
SERVICE LINES/SOSSAMAN	216.98
SERVICE LINES (RPLC ELLSW/208TH	7,962.96
Refundable Service Lines	219,700.00
Taxable Service Lines	16,114.38
SERVICE LINES - Other	312,125.44
Total SERVICE LINES	556,119.76
STANDPIPE	28,350.32
STRUCTURES	295,422.14
TANKS	
STRG TANK,100M G.WELL 21.1	29,937.61
TANKS - Other	1,268,933.55
Total TANKS	1,298,871.16
TOOLS & WORK EQUIPMENT	151,662.10
TRANSPORATION EQUIPMENT	4,873.25
WATER TREATMENT EQUIPMENT	23,686.27

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QUEEN CREEK WATER COMPANY

Balance Sheet

As of December 31, 2004

	Dec 31, 04
WELLS	
IRRIG.WELL(Q.C.RANCHETTES)	88,024.10
WELL IMPROVEMENTS	13,876.48
Brooks Farm Well	17,866.62
Circle G Well	215,206.16
Orchard Ranch Well (Irr & Dom)	126,467.15
Schnepf Well	60,031.96
Terra Ranch	54,928.97
Villages	283,087.51
WELLS - Other	342,544.56
Total WELLS	1,202,033.51
Total Other Assets	18,089,173.90
TOTAL ASSETS	18,911,256.72
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
ACCOUNTS PAYABLE	201,848.55
Total Accounts Payable	201,848.55
Other Current Liabilities	
CAFE PLAN - 2005	
REY MIRANDA - CAFE	-111.37
BETTY WALKER - CAFE	-193.12
Total CAFE PLAN - 2005	-304.49
ACCRUED WORKMAN COMP INS	5,521.00
CUSTOMER SECURITY DEPOSITS	
Cust Sec Dep	168,485.00
Standpipe Key	5,175.00
HYD METERS	5,350.00
Total CUSTOMER SECURITY DEPOSITS	179,010.00
DEFERRED INCOME TAXES	-75,123.00
FEDERAL TAX WITHHELD	6,032.27
FICA WITHHELD	2,581.86
INCOME TAX PAYABLE	33,625.00
PROJECT MANAGEMENT FEE	42,745.00
SALARIES PAYABLE	98,479.97
STATE SALES TAX ACCRUED	19,401.91
SEWER SALES-TOWN OF QC	71,345.41
STATE WITHHOLDING TAX	904.54
UNCLAIMED PROPERTY	1,718.25
Unemployment Tax Payable	260.53
WATER USER TAX	735.71
Total Other Current Liabilities	386,933.96
Total Current Liabilities	588,782.51
Long Term Liabilities	
Note Payable - CLG Holdings, LL	70,000.00
AIAC-IRRIGATION MAINS	
AIAC-IRRIGATION MLA W/GROSS-UP	
AIAC-Q.C.R. II, I-IRR	19,440.31
Total AIAC-IRRIGATION MLA W/GROSS-UP	19,440.31

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QUEEN CREEK WATER COMPANY

Balance Sheet

As of December 31, 2004

	Dec 31, 04
AIAC-Arroyo de la Reina-Irrigat	66,758.95
AIAC-CIRCLE G III-IRR	54,371.32
AIAC-CIRCLE G IV-IRRIGATION	109,646.57
AIAC-Creek View Ranches-Irrigat	35,358.48
AIAC-GROVES OF Q.C.	19,834.87
AIAC-ORCHARD RANCH, I-IRR	68,888.12
AIAC-ORCHARD RANCH II, IRRIGAT	54,896.88
AIAC-Orchard Ranch II-A Irrigat	68,645.70
AIAC-Orchard Ranch, Phase C(Irr	81,794.54
AIAC-Orchard Ranch, Phase D(Irr	70,102.84
AIAC-Orchard/Pegasus Irr	27,616.58
AIAC-Pegasus Unit I	19,057.92
AIAC-Q.C. Ranch-Irrigation	5,427.95
AIAC-Q.C.R III,II-IRR	16,274.22
Total AIAC-IRRIGATION MAINS	718,115.25
AIAC-MAIN LINE EXTENSIONS	
AIAC-EMPEROR ESTATES, PARCEL I	471,160.60
AIAC-EMPEROR ESTATES, PARCEL II	434,017.00
AIAC-Sonoqui Creek Ranch III	55,373.05
AIAC-Sonoqui Creek Ranch II	81,386.44
AIAC-Orchard Ranch II, Phase B	100,468.20
AIAC-KEM Homes at Cloud Rd. Ran	37,004.16
AIAC-Jerry Lilly at Cloud Rd. R	37,004.16
AIAC-T. Wallace at Cloud Rd. Ra	37,004.16
AIAC-E. Bolen on Hunt	11,586.00
AIAC-CORTINA	
AIAC-Cortina-Parcels 8,9,10	649,811.90
AIAC-Cortina-Parcels 7&11	321,176.60
Total AIAC-CORTINA	970,988.50
AIAC-Safeway @ Sossaman Est	43,926.35
AIAC - S CLARKSON ON ELLSWORTH	3,336.77
AIAC-Creelside@Empire/Ells	94,573.00
AIAC-Saddlewood	59,197.80
AIAC-Applegate Homes	12,300.00
AIAC-Az Project Challenge	9,000.00
AIAC-Roman Est,Parcel 4,5&7	117,810.00
AIAC-Bashas	193,004.40
AIAC-Montelena	752,265.40
AIAC-Rite of Passage	12,076.00
AIAC-S.Darger@appleby/Sig Butte	12,102.00
AIAC-Coronado South (D.Wolff)	12,390.00
AIAC-SanTanVentures on Cloud	12,490.00
AIAC-MLA W/GROSS-UP TAXES	
AIAC-198th St LOOP	2,944.41
AIAC-ALLIANCE LUMBER	6,300.99
AIAC-HAWES RD. ELEMENTARY SCHOO	64,546.16
AIAC-JOE LAMB, PHASE I	1,679.15
AIAC-OCOTILLO RD EXTENSION	13,220.00
AIAC-Q.C.R II, I-DOM	3,610.49
AIAC-RHDC, I	20,007.13
AIAC-Truss Plant-Ocot/Ritt Rds	19,695.74
Total AIAC-MLA W/GROSS-UP TAXES	132,004.07

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QUEEN CREEK WATER COMPANY

Balance Sheet

As of December 31, 2004

	Dec 31, 04
AIAC-196TH ST. EXTENSION	21,523.16
AIAC-A.Shirley@222nd St.	4,463.87
AIAC-ADCOX (Appleby/Soss)	4,822.99
AIAC-ADCOX I	4,744.16
AIAC-ADCOX II	5,435.52
AIAC-ADCOX III (Citrus 3-181st)	10,311.12
AIAC-ADCOX IV	9,694.79
AIAC-ADCOX ON ELLSWORTH	49,499.71
AIAC-ALC BLDRS (Sossaman/194th)	4,066.94
AIAC-Arroyo de la Reina-Dom	76,755.39
AIAC-BROOKS FARMS	206.46
AIAC-CIRCLE G I-DOMESTIC	6,777.38
AIAC-CIRCLE G II-DOMESTIC	49,403.57
AIAC-CIRCLE G II-A DOMESTIC	14,744.13
AIAC-CIRCLE G III,DOMESTIC	40,892.78
AIAC-CIRCLE G IV-DOMESTIC	118,634.79
AIAC-Citrus Coves	44,824.50
AIAC-CLOUD 9 SUBDIVISION	4,101.75
AIAC-CLOUD 9 TRANSMISSION	29,170.57
AIAC-COLE FAMILY RANCH	10,550.39
AIAC-Cortina-Parcel 1-4	733,061.24
AIAC-Cortina-Parcel 5-6	299,565.93
AIAC-Creek View Ranches-Domesti	21,984.50
AIAC-CRISMON RANCH ESTATES	5,014.18
AIAC-CRISMON RD. EXTENSION	10,408.54
AIAC-Daren Austin	2,876.28
AIAC-DENNIS KNELLER	1,982.78
AIAC-DiamanteHomes@SignalButte	67,679.79
AIAC-DICK RILEY	2,913.45
AIAC-Emperor Est-Hawes Trans	36,407.51
AIAC-Emperor Est-QC Rd Trans	328,182.20
AIAC-FRANKLIN SCHOOL	1,634.96
AIAC-GOLDMINE MTN (Hunt/Hawes)	251,128.60
AIAC-GROVES OF Q.C.	17,547.01
AIAC-HUNDLEY/CRAFT (OCO/SOSSAMA	3,374.57
AIAC-INDIG FAMILY TRUST	2,162.48
AIAC-Inverness IndustrialPark	12,363.92
AIAC-Inverness Industrial II&III	61,304.85
AIAC-JACK REED	3,248.80
AIAC-JOHN PRICE (CLOUD RD)	4,772.74
AIAC-K.Gurr/HuntHwyValleyView	20,820.58
AIAC-KHIN AYE (Riggs Rd)	30,088.36
AIAC-MIRAGE COURT	24,588.07
AIAC-MITSOKAPOULOS-QC INDUST.	29,016.24
AIAC-Orchard Ranch, Transmissio	70,610.57
AIAC-Orchard Ranch, I Domestic	42,328.65
AIAC-Orchard Ranch, II-DOMESTIC	40,265.01
AIAC-Orchard Ranch II-A Domesti	60,102.66
AIAC-Orchard Ranch,PhaseC(Domes	106,270.08
AIAC-Orchard Ranch, Phase D(Dom	75,092.86
AIAC-P. ROBINSON/PEACEPIPE LLC	10,250.34
AIAC-Paul&RuthReese-SignalButte	7,269.25
AIAC-Pegasus Airpark, Unit I-Do	195,312.88
AIAC-Plote Backhoe	8,071.82
AIAC-PowerRdMarketPlace	171,781.96
AIAC-PowerRdMktPlace-Rittenhous	43,949.33
AIAC-PUTRUS, MIKE	4,688.91
AIAC-Q.C. Ranch Estate-Dom	12,485.46
AIAC-Q.C. VET CLINIC	4,844.35
AIAC-Q.C.R II, II-DOM	36,784.07
AIAC-Q.C.R III, I-DOM	78,634.21
AIAC-Q.C.R III,II-DOM	6,235.92
AIAC-QC SCHOOL-BARNES ELEM	69,066.06
AIAC-QC SCHOOL-QCHS/OCOTILLO	106,882.34
AIAC-Queenland Manor, I	286,491.14
AIAC-Queenland Manor, II	144,445.00

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QUEEN CREEK WATER COMPANY

Balance Sheet

As of December 31, 2004

	Dec 31, 04
AIAC-RANCHO JARDINES	105,882.24
AIAC-Roman Est, I	87,525.03
AIAC-Roman Est., II	52,713.48
AIAC-Roman Est, III	25,079.09
AIAC-Roman Est, Parcel 6	42,728.00
AIAC-RUSS TRUE VALUE	10,454.40
AIAC-SAN MARQUI ESTATES	100,141.90
AIAC-SanTan 18, Phase I (Domest	39,945.96
AIAC-San Tan Goldmine	9,105.65
AIAC-SanTanVentures@182nd/Power	12,500.00
AIAC-San Tan Vistas Ranch	22,652.48
AIAC-SOSSAMAN ESTATES	
AIAC-Sossaman Est, Parcel B	73,718.65
AIAC-Sossaman Est, Parcel A	94,522.04
AIAC-Sossaman Est, Parcel C	86,234.68
AIAC-Sossaman Est, Parcel D	107,663.13
AIAC-Sossaman Est, Parcel E-1	66,852.20
AIAC-Sossaman Est, Parcel E-2	74,943.29
AIAC-Sossaman Est, Parcel G	155,700.24
AIAC-Sossaman Est, Parcel H	101,888.87
AIAC-Sossaman Est, Parcel I	105,410.00
AIAC-Sossaman Est, Parcel J	156,640.16
AIAC-Sossaman Est, Parcel K	74,672.90
Total AIAC-SOSSAMAN ESTATES	1,098,246.16
AIAC-SOUTH CREEK RANCH	19,052.53
AIAC-TerraRanch	95,549.98
AIAC-Villages @ QC	
AIAC-Villages, Parcel 13	136,172.10
AIAC-Villages, Parcel 12	128,949.10
AIAC-Villages, Parcel 11B	53,744.00
AIAC-Villages, Parcel 10	125,090.00
AIAC-Villages Off-site/Transmis	506,207.40
AIAC-Brown Family-Villages P7	87,866.07
AIAC-Continental-Villages, P8	84,337.78
AIAC-Richmond Am-Villages P5	61,433.37
AIAC-Richmond Am-Villages P6/19	91,390.73
AIAC-Richmond Am-Villages, P9	61,492.50
AIAC-Royce Homes-Villages P1	40,250.37
AIAC-Royce Homes-Villages, P21	81,798.29
AIAC-StandardPac-Villages P4	96,009.16
Total AIAC-Villages @ QC	1,554,740.87
AIAC-WILL ROGERS, Unit I	106,598.58
AIAC-WILL ROGERS, Unit II	65,753.82
Total AIAC-MAIN LINE EXTENSIONS	11,215,752.65
AIAC-METERS	959,360.00
WIFA LOAN	
WIFA LOAN RESERVE	-35,524.14
WIFA LOAN - Other	313,940.83
Total WIFA LOAN	278,416.69
Total Long Term Liabilities	13,241,644.59
Total Liabilities	13,830,427.10
Equity	
ADDITIONAL PAID IN CAPITAL	408,000.00
CAPITAL STOCK	3,000.00
CIAC-FEDERAL & STATE TAXES	103,277.21

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Accrual Basis

QUEEN CREEK WATER COMPANY
Balance Sheet
As of December 31, 2004

	<u>Dec 31, 04</u>
CIAC	
ACCUMULATED AMORTIZATION-CIAC	-303,905.04
FIRE FLOW/STORAGE FEE	693,590.00
HOOK-UP FEES	2,515,489.00
CIAC - Other	1,631,796.24
Total CIAC	<u>4,536,970.20</u>
RETAINED EARNINGS	203,676.44
TREASURY STOCK	-112,725.00
Net Income	-61,369.23
Total Equity	<u>5,080,829.62</u>
TOTAL LIABILITIES & EQUITY	<u><u>18,911,256.72</u></u>

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QUEEN CREEK WATER COMPANY

Profit & Loss

January through December 2004

Jan - Dec 04

Ordinary Income/Expense

Income

IRRIGATION SALES	257,260.89
MISCELLANEOUS INCOME	
QCDWID-MAINTENANCE COSTS	49,050.00
SERVICE LINES	8,696.27
WUAA-CONTRACT SERVICE FEE	6,401.52
MISCELLANEOUS INCOME - Other	1,759.58

Total MISCELLANEOUS INCOME 65,907.37

MISC SERVICE REVENUE

Meter Test Fee	15.00
After Hours Est.	25.00
Credit Card Process	4,264.53
Establishment Fee	55,275.00
Hydrant Rental/Move	6,596.00
NSF Check Fee	1,860.00
Open/Close Irr Fee	8,403.00
Re-connection Fee	6,280.00
Re-read meter fee	50.00

Total MISC SERVICE REVENUE 82,768.53

RESOLD WATER TO H2O 5,184.74

TOWN OF QC-SEWER AGREEMENT 32,361.00

WATER SALES-RESIDENTIAL 3,127,136.76

WATER SALES UNMET. COMMERCIAL 2,400.00

Total Income 3,573,019.29

Expense

AUTOMOBILE EXPENSE

2004 Chevy Colorado #12	700.70
11-1999 Dodge Dakota P/U	977.48
64-JOHN DEERE GATOR	466.82
63-John Deere Gator	298.04
10-2004 F150	1,762.14
69-JCB SITEMSTR BACKHOE	12,358.05
28-2001 Backhoe Trailer	799.11
42-2004 Dodge Extended Cab	5,924.31
43-1999 Dodge Dakota	4,521.21
44-1998 CHEVY S-10	1,535.40
27-1999 LANDSCAPE TRAILER	52.57
46-1991 GMC Flatbed	6,924.96
45-1992 Dump Truck	759.11
20-DUMP TRAILER	342.22
22-EQUIP TRAILER	60.00
23-Bobcat Trailer Expense	417.50
24-20' PIPE TRAILER	20.00
26-20' Pipe Trailer (Dual Wheel	90.03
47-2003 FORD F250	7,621.95
48-1996 FORD F250 Srv	2,866.78
49-1986 FORD 250 EXPENSE	6,761.23
51-1986 TOYOTA TRK EXPENSE	549.04
52-1992 DODGE RAM TRK	889.41
53-1992 Dodge Service Trk Exp	4,370.58
54-1997 CHEVY PICKUP	7,474.71
55-1998 DODGE TRUCK EXPENSE	3,573.76
56-2000 Dodge Trk	1,942.30
57-2000 FORD RANGER	4,007.16
58-2001 Dodge Ram Trk	5,044.23
59-2001 Dodge 1500 Ram Trk	3,811.53
60-1999 EZ-GO GOLF CART EXPENSE	2,191.10
61-1993 GOLF CART-METER READER	125.49
62-EZ GO GOLF CART-2002	2,490.90
70-BACKHOE 580K (QCWC) EXPENSE	2,942.35
71-1999 Bobcat Loader Expense	127.13
73-COMPRESSOR	735.79

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QUEEN CREEK WATER COMPANY

Profit & Loss

January through December 2004

	Jan - Dec 04
AUTOMOBILE LEASE EXPENSE	
1986 FORD 260 LEASE	6,282.66
1986 Toyota 3/4 ton Lease	2,545.10
1989 Case Backhoe Lease	5,595.48
1991 GMC Pickup Lease	3,346.44
1992 Dodge Ram 150 Lease	3,281.52
1992 Dodge Service Trk Lease	4,197.72
1992 GMC Pickup Lease	3,346.44
1994 Ingersol Rand Compressor L	2,301.10
1996 Ford F-250 Truck Lease	5,172.36
1996 JCB Sitemaster Backhoe 214	6,768.80
1997 Chevrolet Truck Lease	5,440.08
1998 Chev S10 #44	813.04
1998 DODGE LEASE	3,249.00
1999 Bobcat751 Loader/'01 trail	6,303.12
1999 Carson Landscape Trailer	372.69
1999 Dodge Dakota #11	1,464.06
1999 Dodge Dakota SLT Lease	5,415.00
2000 Dodge 1/2 Ton Pickup Lease	6,043.20
2000 Ford Ranger Pickup Lease	4,678.56
2001 Econo Trailer 18/ Dually L	2,191.95
2001 Dodge Ram 1500 P/U Lease	6,822.96
2001 Dodge D150 Pickup Lease	6,952.92
2001 Gravely Dump Trailer Lease	1,975.44
2002 EZ-GO Golf Cart Lease	1,245.45
2003 Ford F-250 SD Truck Lease	7,578.60
2004 Dodge Ram 1500/4door Lease	7,028.67
2004 F-150 #10	2,318.50
JD Gator # 63 Lease Expense	2,263.40
JD Gator #64 Lease Expense	363.88
EZGO Workhorse Golf Cart Lease	2,989.08
AUTOMOBILE LEASE EXPENSE - Other	1,677.59
Total AUTOMOBILE LEASE EXPENSE	120,024.81
AUTOMOBILE EXPENSE - Other	17,762.23
Total AUTOMOBILE EXPENSE	233,322.13
BANK SERVICE CHARGES	7,069.39
CAP COSTS	155,512.51
CERTIFIED OPERATOR	4,120.00
CONTRACT LABOR	45.00
DEPRECIATION EXPENSE	
AMORTIZATION-CIAC	-48,953.89
DEPRECIATION EXPENSE - Other	598,218.71
Total DEPRECIATION EXPENSE	549,264.82
DONATIONS	5,020.94
DUES AND SUBSCRIPTIONS	1,440.53
ENGINEERING EXPENSE	63,881.26
EQUIPMENT LEASE	
LapTop / Mapping Software #9T	7,194.24
Tablet Chlorinator #9S	972.28
Table Chlorinator #9R	972.28
Copier -Model 3222 Lease	3,997.92
Lucent Tech Telephone Sys Lease	5,032.68
Neopost-Postage Meter	9,557.86
Partner Phone Sys Lease	1,299.60
Utility Travel ValveVac&Trailer	6,295.52
Total EQUIPMENT LEASE	35,322.38

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QUEEN CREEK WATER COMPANY

Profit & Loss

January through December 2004

	Jan - Dec 04
INSURANCE	
GROUP BENEFITS	
Voluntary Life Ins.	-1,792.08
CDL PHYSICAL REIMBURSEMENT	63.00
BOOT PROGRAM	632.44
401 K BENEFITS	28,177.88
GROUP BENEFITS - Other	79,185.50
Total GROUP BENEFITS	106,266.74
LIABILITY INSURANCE	35,280.48
WORK COMP	22,013.94
Total INSURANCE	163,561.16
INTEREST EXPENSE	
Refundable Interest Expense	600.57
INTEREST EXPENSE - Other	27,323.43
Total INTEREST EXPENSE	27,924.00
LICENSES AND PERMITS	2,248.89
MATERIALS,SUPPLIES&TOOLS	103,385.41
MISCELLANEOUS	159.20
OFFICE EXPENSE	135,159.91
POSTAGE AND DELIVERY	27,356.50
PRINTING AND REPRODUCTION	19,102.69
PROFESSIONAL FEES	
ACCOUNTING	6,950.00
LEGAL FEES	8,624.20
PROFESSIONAL FEES - Other	553.58
Total PROFESSIONAL FEES	16,127.78
PUMPING POWER	374,771.88
PURCHASED WATER	-2,324.88
REGULATORY	34,100.80
RENT/LEASES	
BLM Tank Rent	1,973.00
CHLORINE GAS TANKS	2,164.35
EQUIPMENT RENTAL	726.05
Office Building Rent	33,210.00
SAPP LEASE AGREEMENT	4,800.00
Storage Yard/Office Trailer-CLG	23,370.00
Total RENT/LEASES	66,243.40
Repairs	
Building Repairs	3,554.24
Computer Repairs	216.15
Equipment Repairs	571.54
Gasboy Repairs	5,185.27
GENERAL	233,434.48
WELL-SITE REPAIRS	
Brooks Farm Well Site-Repair	36.67
Circle G Well-Repair	804.21
Orchard Ranch Well Site-Repair	908.86
Schnepf Well Site-Repair	181.47
Telemetry/Scada	2,864.31
Villages Well Site-Repair	313.13
WELL-SITE REPAIRS - Other	66,992.11
Total WELL-SITE REPAIRS	72,100.76
Repairs - Other	540.39
Total Repairs	315,602.83
SALARIES	
CHIEF OFFICER	165,769.55

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Accrual Basis

QUEEN CREEK WATER COMPANY
Profit & Loss
January through December 2004

	Jan - Dec 04
FIELD	
CWIP LABOR REIMBURSEMENT	-832.00
FIELD - Other	552,430.98
Total FIELD	551,598.98
OFFICE	333,171.73
Total SALARIES	1,050,540.26
TAX PENALTIES	11.00
Taxes	
Federal	-41,488.00
PAYROLL TAXES	88,380.28
Property	97,238.09
State	12,120.00
Total Taxes	156,250.37
TAXES, LICENSE & PERMITS	100.00
TELEPHONE AND UTILITY	57,870.51
Travel & Ent	
Meals	9,542.89
Travel & Ent - Other	4,488.90
Total Travel & Ent	14,031.79
UNCOLLECTIBLE ACCOUNTS	4,344.08
WATER SAMPLING	15,335.00
Total Expense	3,636,901.54
Net Ordinary Income	-63,882.25
Other Income/Expense	
Other Income	
Interest Income	2,463.02
Other Income	50.00
Total Other Income	2,513.02
Net Other Income	2,513.02
Net Income	-61,369.23